

The officer responsible for this sector in India is:

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FOREST PRODUCTS

Opportunities

In the year 1996, export sales of pulp and paper, which were close to C\$131 million, placed these products at the top of Canadian exports to India. India's current industrial capacity covers about two thirds (66 percent) of its needs for pulp and paper; the remaining must be imported. Canada's exports (80 000 metric tonnes of newsprint per year) cover approximately one third of India's imports.

A robust market for printed media (i.e. increasing literacy and better education) and especially enforcement of strict reforestation policies and controls have led India to reduce or at times abolish duties on newsprint and pulp. Market-access conditions, therefore, have improved significantly over the years. At the time of writing, however, Canadian firms are involved in an anti-dumping action along with U.S. and Russian competitors.

The market for specialty paper products is also expected to grow as the Indian industry makes increasing uses of modern packaging technology and equipment (e.g. sterile carton containers) to meet an expanding and more affluent consumer market.

Market conditions for other types of forest-related products (e.g. log, veneer, etc.) are not expected to change much in the near future. India is importing wood mostly in log form, but freight charges and duties imposed on sawn lumber (25 percent) are raising the price of imports from Canada. (However, third-country sourcing has offered an alternative to Canadian wood exporters who are

active in the Indian market.) Use of wood in construction is not common, and is mostly limited to doors, window frames, furniture, etc.

In other areas such as reforestation projects, despite the eagerness and capability of Canadian industry to offer excellent services, it is worth noting that such undertakings in the context of a still largely rural India would aim at providing income to agricultural labour instead of relying on any "cost-efficient" imported solutions.

The Canadian manufacturing/consulting industry should seek and secure profitable business in projects relating to the expansion and improvement of pulp and paper mills. A substantial persisting shortfall (about 33 percent) in meeting domestic needs, and a situation made more critical, especially in southern India, by severe recurring shortages of water for industrial use, are forcing India to improve the overall state and productivity of its pulp and paper industry. Canadian equipment suppliers should, therefore, continue their strong marketing commitment and presence in this market.

Reference

- Focus India: A Business Guide for Canadian Pulp and Paper Firms

This can be obtained from DFAIT's Enquiries Service at:

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